



*Assisted Living
Concepts, Inc.*

Forward-Looking Statements & Non-GAAP Measures

Forward-looking statements used in this presentation are based on our current expectations, involve risks and uncertainties, and are subject to change at any time. We undertake no obligation to update such statements to reflect new information. Actual results could differ materially from those currently contemplated due to a number of factors, including the assumptions and factors referred to in this presentation and risk and cautionary factors set forth in our public filings with the U.S. Securities and Exchange Commission.

We use certain non-GAAP financial measures because we believe they are useful to understanding the performance of our business. See our public filings with the SEC and the Investor Relations section of our website at www.alcco.com for reconciliations of material non-GAAP measures to their related GAAP measures.

Data presented is as of March 31, 2010 unless otherwise noted.

ALC Corporate Information

- Spun-off from Extendicare on Nov.10, 2006
- NYSE: ALC
- \$380 Million Market Capitalization*
- \$671 Million Adjusted Enterprise Value*

* Based upon a share price of \$32.00 and 11.9 million shares outstanding. Operating leases capitalized at 8%

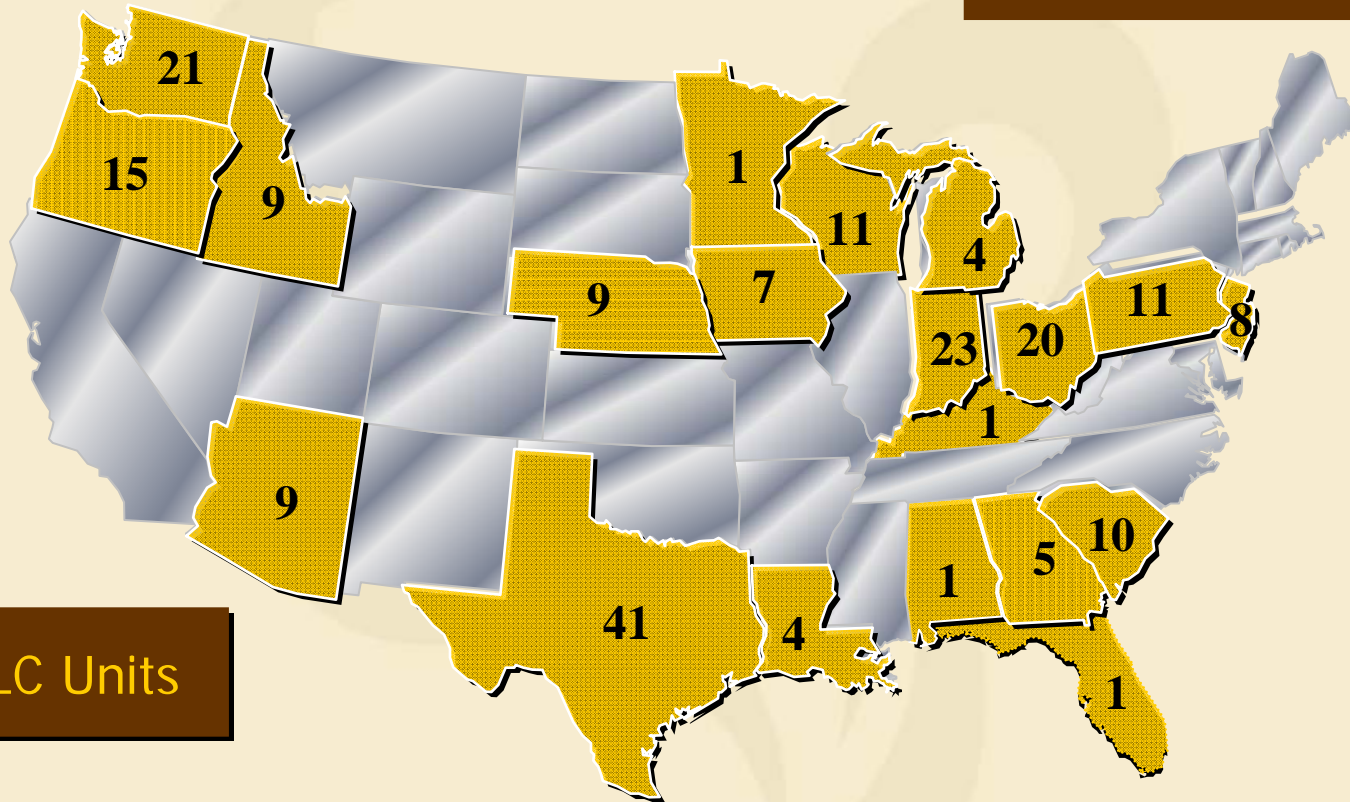
Assisted Living Concepts, Inc.

Overview of ALC

- Leading provider of assisted living care services
- One of the largest in the U.S.
 - 6th in unit size
 - 3rd in market cap
- Comprised of 211 residences in 20 states
 - Approximately 9,280 units
- Located in mid-market suburban bedroom communities
 - Population 10,000 – 40,000
 - Net worth of \$100K to \$500K

Assisted Living Concepts' Operations

211 residences



9,280 ALC Units

Focused Business with Geographic Diversity

U.S. Assisted Living Industry

Services Provided

- 24 hour supervision and assistance
- Tailored personal services
- Activities, life enrichment and transportation
- Health related services
- An environment that maximizes resident's dignity, autonomy, privacy, independence and safety

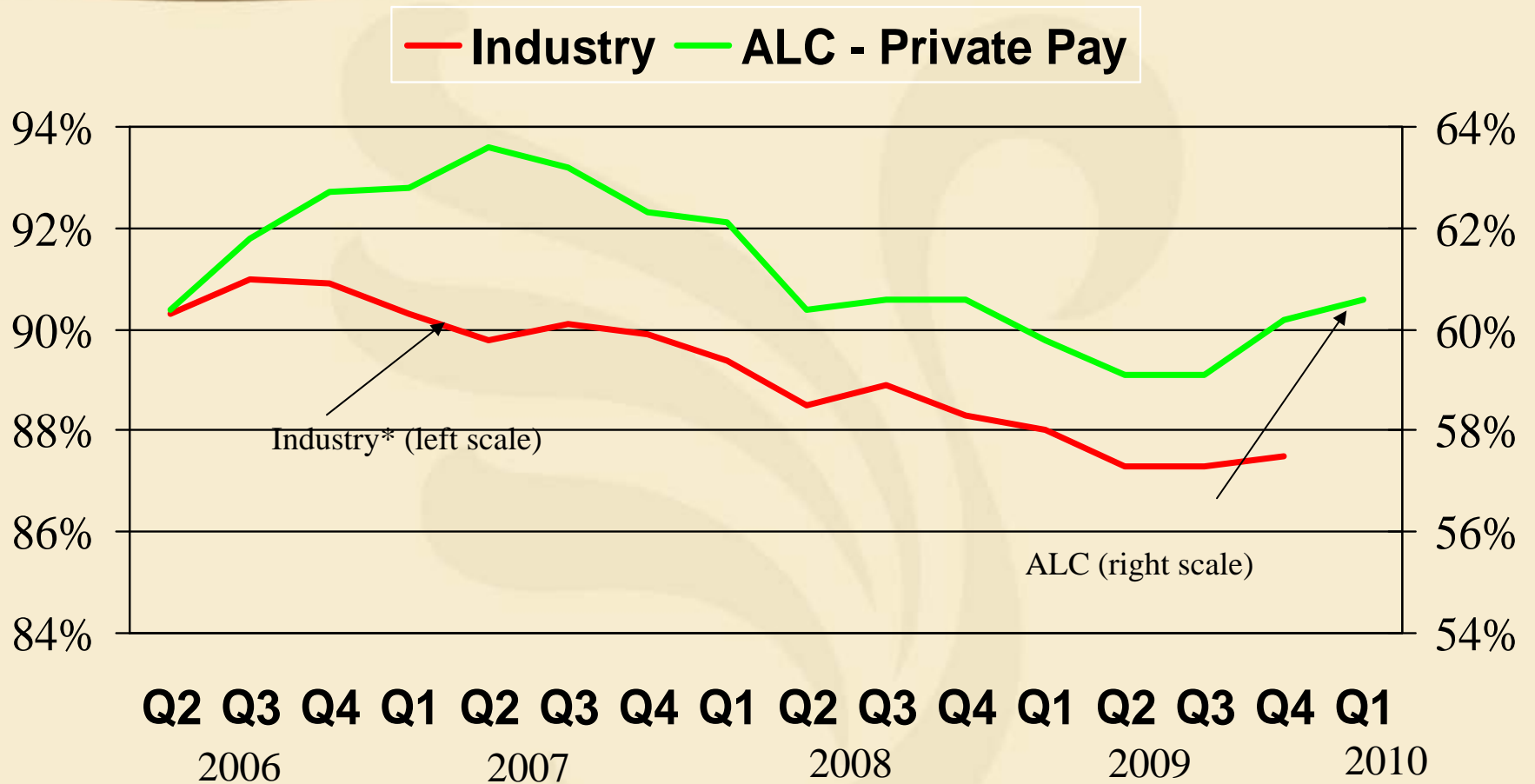


Family Dynamics – Current Economy

- Assisted living is still need driven
 - Number of residents moving in still strong
- With fewer two-income families, the immediate family has become more of a primary source of care
 - Residents returning to their homes has increased
 - Family caregiver time has increased
- Fixed income seniors less able to afford the cost of assisted living
 - Limited access to built up home equity restricts ability to fund costs

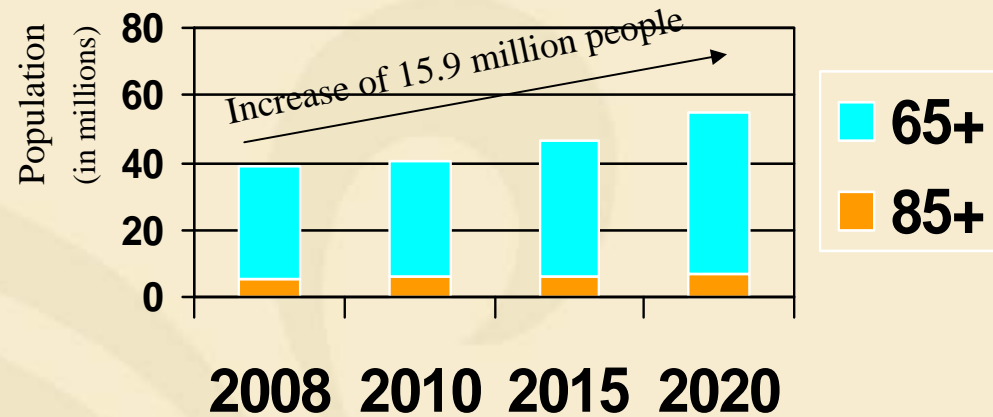
Private Pay Historical Trend

ALC outperforms industry

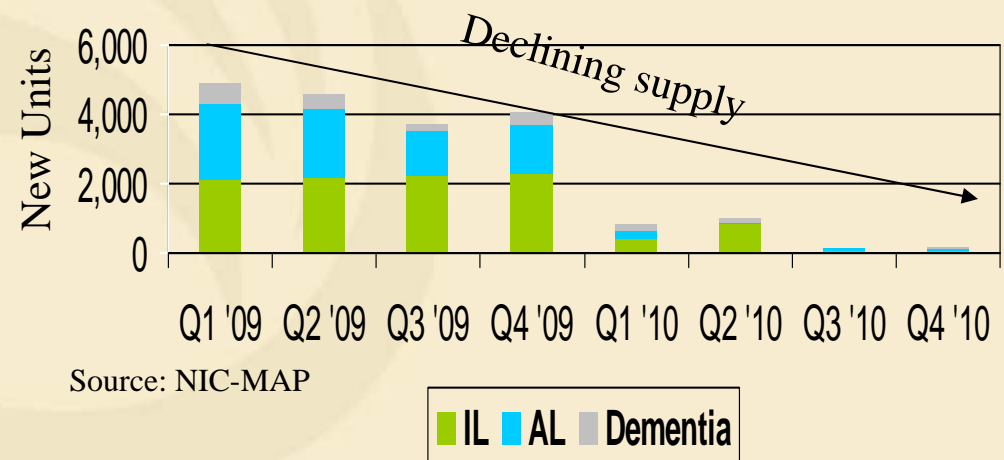


Why Invest in Assisted Living Industry?

- 65+ population expected to grow by 15.9 million in next 12 years
- 85+ population expected to grow by 1.3 million
- New unit construction forecast to decrease in short term
- **Typical Resident**
 - Aged 75 to 85
 - Female
 - Mobile
 - Needs assistance with 2.25 activities of daily living



Source: Centers for Medicare and Medicaid Services, Office of the Actuary



Source: NIC-MAP

Why Invest in Assisted Living Concepts?

- Solid Internal and External Growth Strategies
 - Strong company brand
 - Ability to expand existing assets
 - Well positioned for private pay occupancy growth opportunities
 - Proper cost controls
 - Resources for acquisitions
- Strong Balance Sheet
 - Ability to execute internal and external growth strategies
 - Ability to invest in ourselves
- Large Percentage of Asset Ownership
 - Meaningful investment in existing building and décor refurbishment

Internal Growth Strategy

Strong Company Brand

- Establish ourselves as the provider of choice for residents who value wellness, quality of care, and customer service
 - Initiating programs on a corporate, regional and residence level to allow us to monitor and improve our delivery of services
 - Sales campaigns targeted at resident referral sources
 - Developing relationships with third-party providers to include ancillary healthcare and life enrichment services

Internal Growth Strategy

Expansion of Existing Assets

- 400 unit expansion of existing owned buildings
- Currently own land to add units to existing portfolio in markets with demand
 - Including the current expansion program, approximately 40 properties in our owned portfolio have land available to add on new apartments
 - Five vacant parcels of land for potential new building sites

Internal Growth Strategy

Well Positioned for Private Pay Growth Opportunities

- Improve occupancy and private pay mix
 - Further develop life enrichment, dining and customer service programs to enhance value, support rate improvements, and attract private pay residents
 - Continue training, mentoring and goal setting with sales team
 - Manage market specific strategic plans
 - Analyze and respond quickly to key performance indicators

Internal Growth Strategy

Proper Cost Controls

- Operate at industry leading margins
 - Proper cost controls over labor and other expenses
 - Low corporate overhead

External Growth Strategy

Acquisitions

- Will look to expand portfolio in markets where we already operate
- Will consider new markets with low risk of litigation
- Completed acquisition of 541 leased units in the southeast on January 1, 2008
- Strong balance sheet enabling growth through acquisition and construction
 - Industry remains highly fragmented
 - Top five providers combined market share is approximately 14%

Balance Sheet

Ability to Execute Internal and External Growth Strategies

- \$70 million available under our Revolving Credit Facility as of March 31, 2010
- Prudent debt to total cap ratio - 30.5%
- Trailing twelve month EBITDA / Interest coverage of 7.4X
- Unencumbered properties available for additional capital

Balance Sheet

Invest In Ourselves

- Significant Share Buyback Programs
 - At March 31, 2010, \$13.2 million authorization to repurchase Class A shares.
 - Through March 31, 2010, \$73.2 million Class A shares repurchased under current and prior authorizations
 - Continue to buy shares at prices favorable to external acquisitions or other growth opportunities

Percentage of Assets Ownership

Large Percentage of Ownership

- Own 71% of our residences giving us significant operating flexibility
 - Meaningful investment in existing building and décor refurbishment
 - Expand residences with successful growth opportunities
 - Ability to exit or change licensure in markets

Internal Growth Strategy Successes

Expansion Program

- 322 units completed by the third quarter of 2009, the remainder expected in 2010
- Targeting 90% occupancy within one and one half years of completion
- Targeted Economics:
 - Cost \$50 million or \$125,000 per unit, 400 units
 - Revenue at 90% occupancy, \$15.1 million
 - EBITDA at 50% margin, \$7.6 million (15.2% return)
 - Annual interest at 6.5%, \$3.25 million
 - Annual depreciation \$1.5 million per year
 - Net income impact \$1.8 million or \$0.15 per share

Internal Growth Strategy Successes

Continue to Increase Units Available to Private Pay Occupants

- Private pay average occupancy over 96% of total census for the first quarter of 2010
- Private pay as a percent of revenue over 97% for the first quarter of 2010
- Less than 200 units available for Medicaid

Internal Growth Strategy Successes

Continue to Control Costs

- Achieved EBITDAR margins of 32.3% in the first quarter of 2010 and the year ended December 31, 2009, despite occupancy of less than 65%
- Corporate overhead operating expenses at less than 6.5% of revenues
- Opportunity to leverage cost controls as occupancy improves

Recent Balance Sheet Successes

Raised Additional Capital

- 6.5% rate for a term of 5 years
- 3 residences or 166 units used to collateralize debt
- Maturity extends beyond existing revolving credit facility
- Valuation:
 - Bank provided 70% Loan to Value
 - Implied total property value of \$20 million
 - Implied per unit value approximately \$120.5K

Recent Investment Successes

Share Buyback Program:

- Through March 31, 2010 repurchased 2,349,451 shares under share repurchase programs
- Spent approximately \$73.3 million at an average price of \$31.19 per share
- Per unit equivalent of approximately \$73 thousand
- Cap rate equivalent of:
 - 10.8% based on 2009 actual EBITDAR
 - 11.1% based on actual LTM EBITDAR

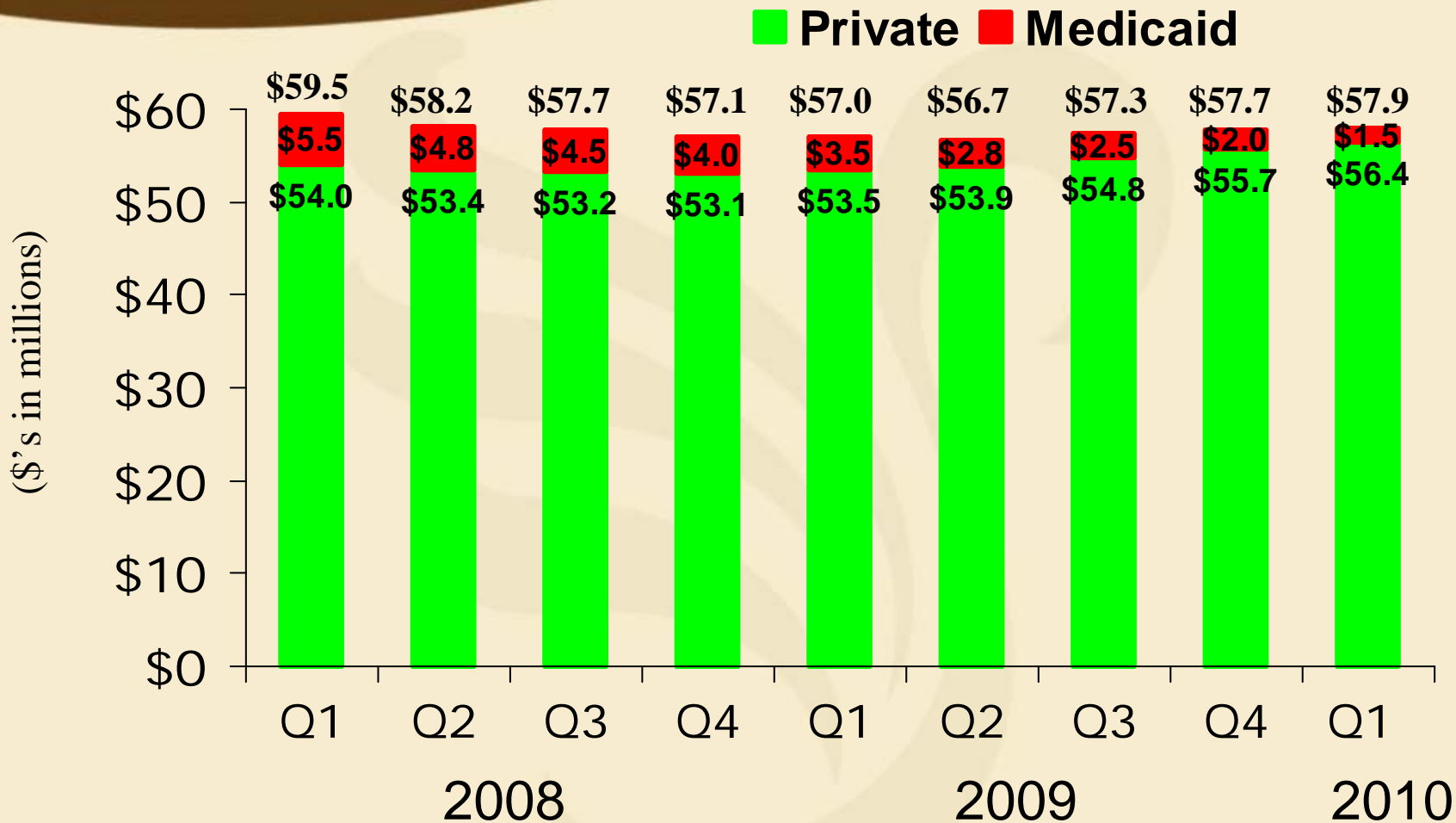
Financial Results

ALC Private Pay Revenue

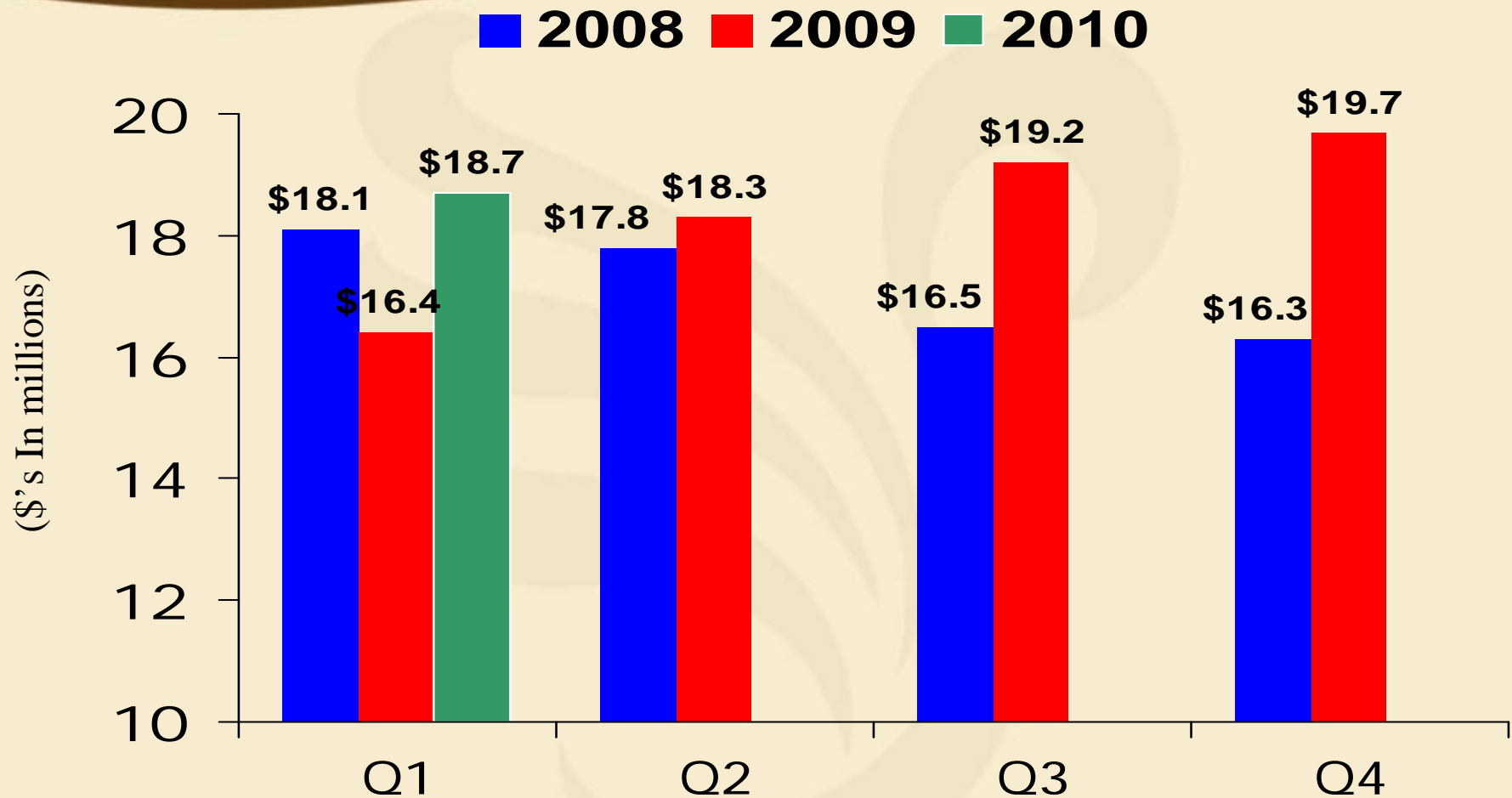


ALC Revenue

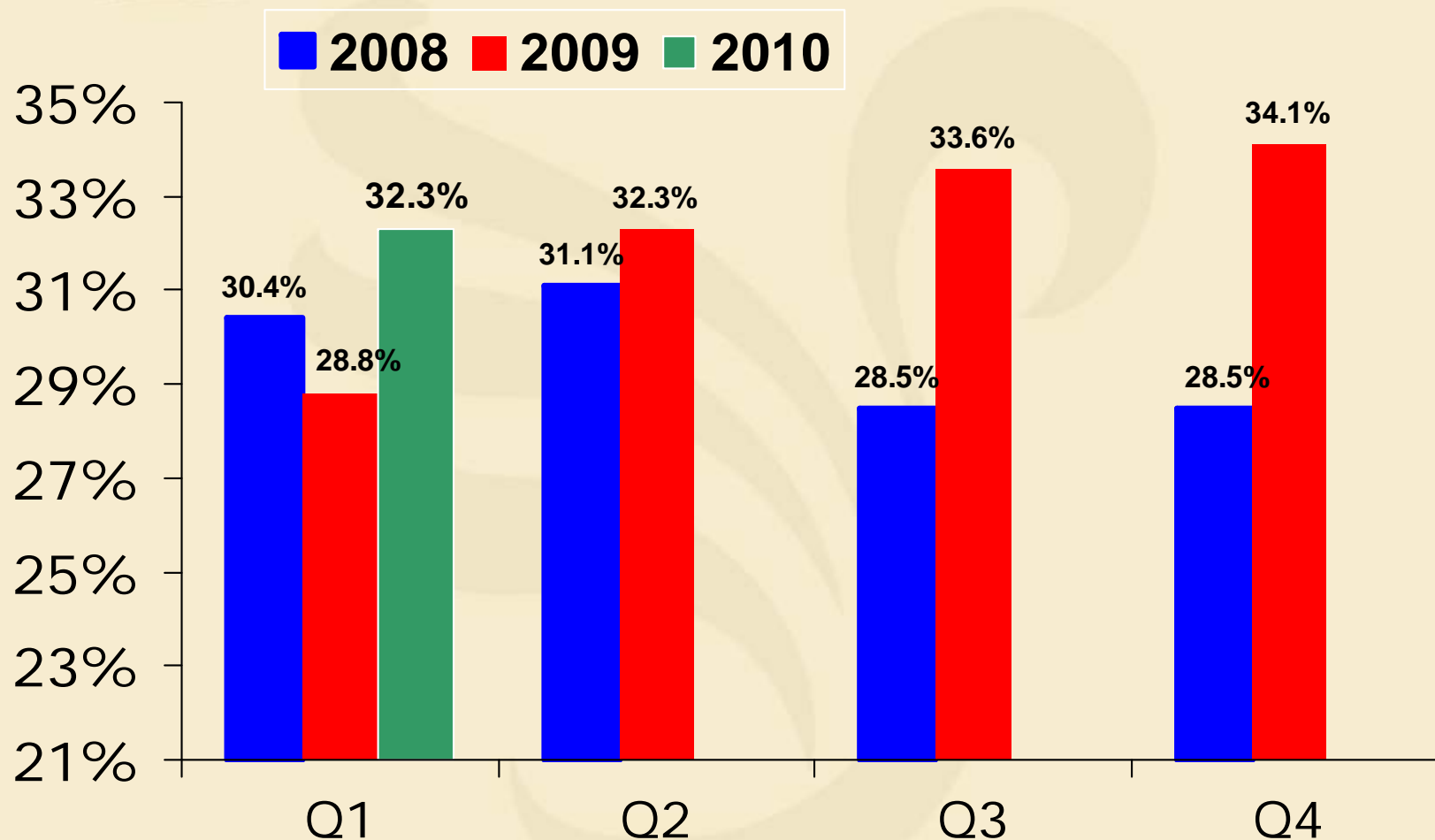
Private pay revenue up 5.4% over previous year



ALC Adjusted EBITDAR*



ALC Adjusted EBITDAR* Margins



ALC Property Value

Significant owned property value

- Currently own 6,728 units
- Current estimated cost for expansion project \$125K per unit
- Recent bank appraised value for \$14 million loan \$120.5K per unit
- Currently trading at \$74K per unit*

* Based on \$32 share price and leases capitalized at 8%

ALC - Debt

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Lender	Maturity	Current Rate	Outstanding March 31, 2010
GE Revolving Credit Facility	2011	3.63%*	\$ 50.0
Red Cap – Fannie Mae	2014	6.51%	33.3
TCF	2014	6.50%	13.7
DMG	2018	7.07%	8.8
Oregon Trust Notes	2021-26	6.72%	8.4
HUD I	2032	5.75%	4.1
HUD II	2036	6.89%	<u>3.0</u>
Total			<u><u>\$121.3</u></u>

* Blended rate including swap contracts. Incremental borrowings currently at 1.76%

Adjusted EBITDA and EBITDAR

Adjusted EBITDA is defined as net income from continuing operations before income taxes, interest expense net of interest income, depreciation and amortization, equity based compensation expense, transaction costs and non-cash, non-recurring gains and losses, including disposal of assets and impairment of long-lived assets and loss on refinancing and retirement of debt. Adjusted EBITDAR is defined as adjusted EBITDA before rent expenses incurred for leased assisted living properties. Adjusted EBITDA and adjusted EBITDAR are not measures of performance under accounting principles generally accepted in the United States of America, or GAAP. We use adjusted EBITDA and adjusted EBITDAR as key performance indicators and adjusted EBITDA and adjusted EBITDAR expressed as a percentage of total revenues as a measurement of margin.

We understand that EBITDA and EBITDAR, or derivatives thereof, are customarily used by lenders, financial and credit analysts, and many investors as a performance measure in evaluating a company's ability to service debt and meet other payment obligations or as a common valuation measurement in the long-term care industry. Moreover, ALC's revolving credit facility contains covenants in which a form of EBITDA is used as a measure of compliance, and we anticipate EBITDA will be used in covenants in any new financing arrangements that we may establish. We believe adjusted EBITDA and adjusted EBITDAR provide meaningful supplemental information regarding our core results because these measures exclude the effects of non-operating factors related to our capital assets, such as the historical cost of the assets.

Reconciliation of Net Income to Adjusted EBITDAR

	2008				2009				2010
	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1	Qtr. 2	Qtr. 3	Qtr. 4	Qtr. 1
Net Income	4,051	4,276	2,966	3,030	(11,775)	3,907	3,386	4,327	3,613
Loss (gain) from discontinued operation	43	76	105	170	144	34	802	(23)	-
Provision for income taxes	2,509	2,665	1,880	1,593	144	2,182	2,295	2,722	2,123
Income from continuing operations before income taxes	6,603	7,017	4,951	4,793	(11,487)	6,123	6,483	7,026	5,736
Add:									
Depreciation and amortization	4,806	4,254	4,595	4,678	4,931	5,218	5,440	5,630	5,670
Interest expense, net	1,765	1,447	1,727	1,596	1,691	1,827	1,907	1,864	1,884
Loss on disposal of fixed assets	-	-	160	222	-	-	148	-	170
Loss due to property impariment	-	-	-	-	-	-	54	-	-
Non-cash equity based compensation	3	41	60	(5)	65	123	132	86	137
Goodwill impairment	-	-	-	-	16,315	-	-	-	-
Adjusted EBITDA	13,177	12,759	11,493	11,284	11,515	13,291	14,164	14,606	13,597
Add: Lease expense	4,900	5,011	4,990	5,009	4,930	4,993	5,053	5,068	5,083
Adjusted EBITDAR	18,077	17,770	16,483	16,293	16,445	18,284	19,217	19,674	18,680
Revenue	59,533	57,202	57,740	57,101	57,067	56,683	57,236	57,737	57,858
Adjusted EBITDAR as a percent of revenue	30.4%	31.1%	28.5%	28.5%	28.8%	32.3%	33.6%	34.1%	32.3%

Assisted Living Concepts, Inc.

Investment Highlights

New Portfolio of Assets

High Percentage of Direct Ownership

Focused On Suburban and Rural Centers

Prudent Internal/ External Growth Strategy

Strong Financial Position